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**A. The Company's Major Network Improvement Projects**

Based upon this framework, Appendix A reflects Madison County Telephone Company, Inc.'s major network improvement projects for the five calendar years 2015 through 2019 along with the start and completion dates, capital cost, areas and population associated with those projects

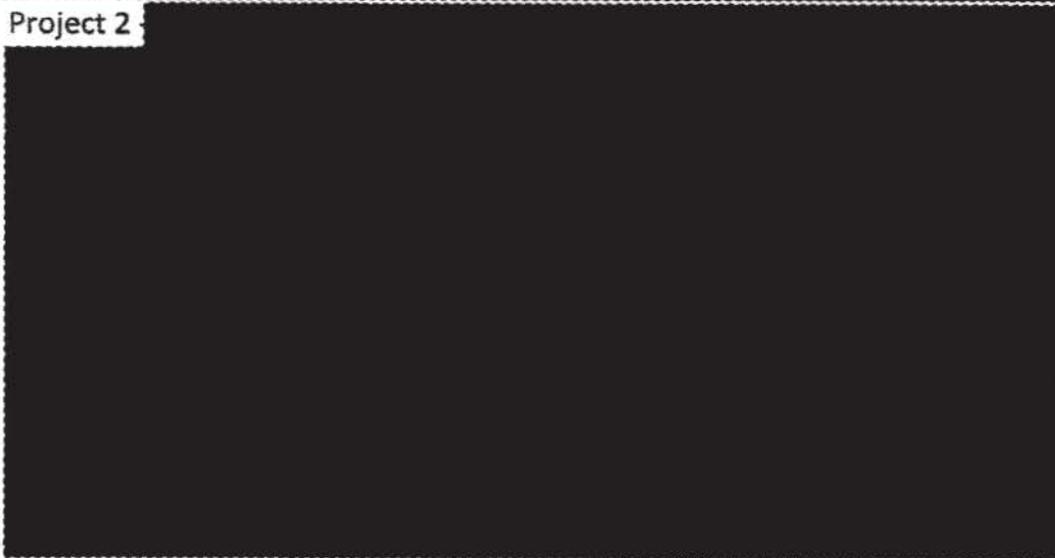
**B. How These Projects Will Improve the Network**

Below is a detailed description of each project listed in the attached Part A.

Project 1



Project 2

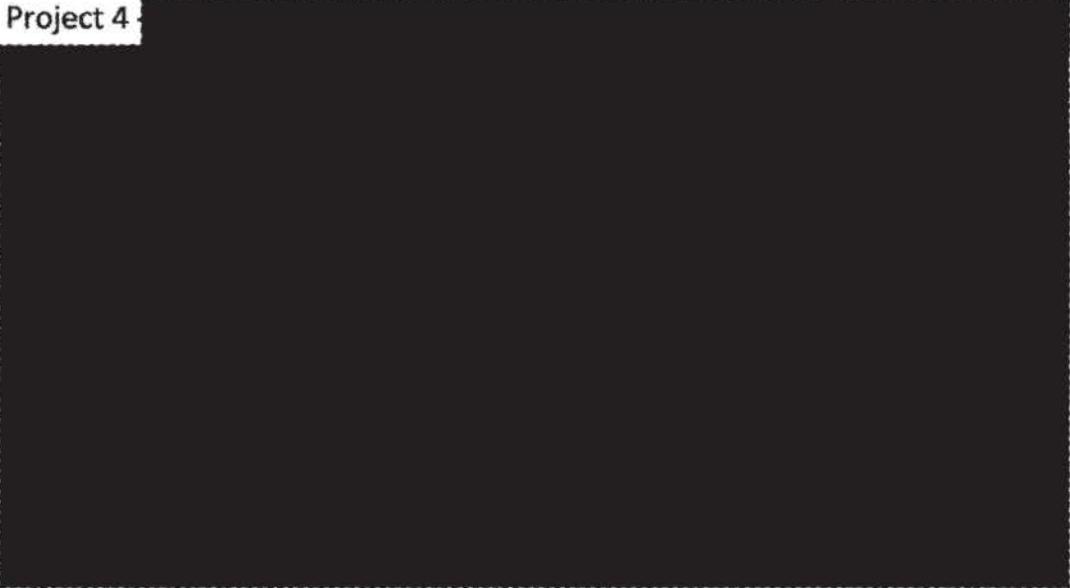


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Project 3 -



Project 4 -



Project 5 -



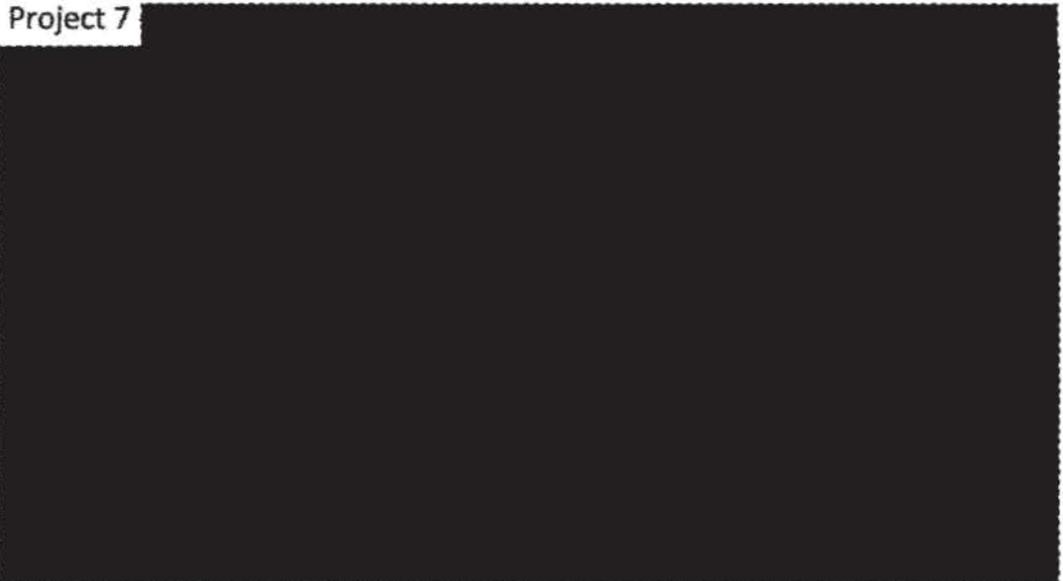
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Project 6 -



Project 7



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Project 8 -



Project 9 -

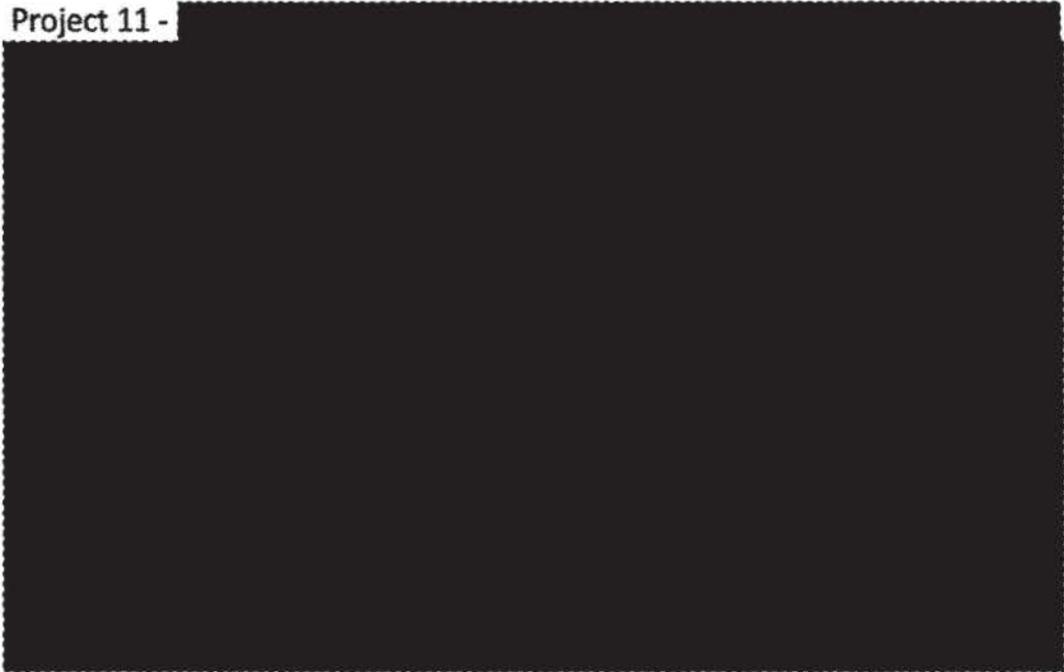


Project 10 -

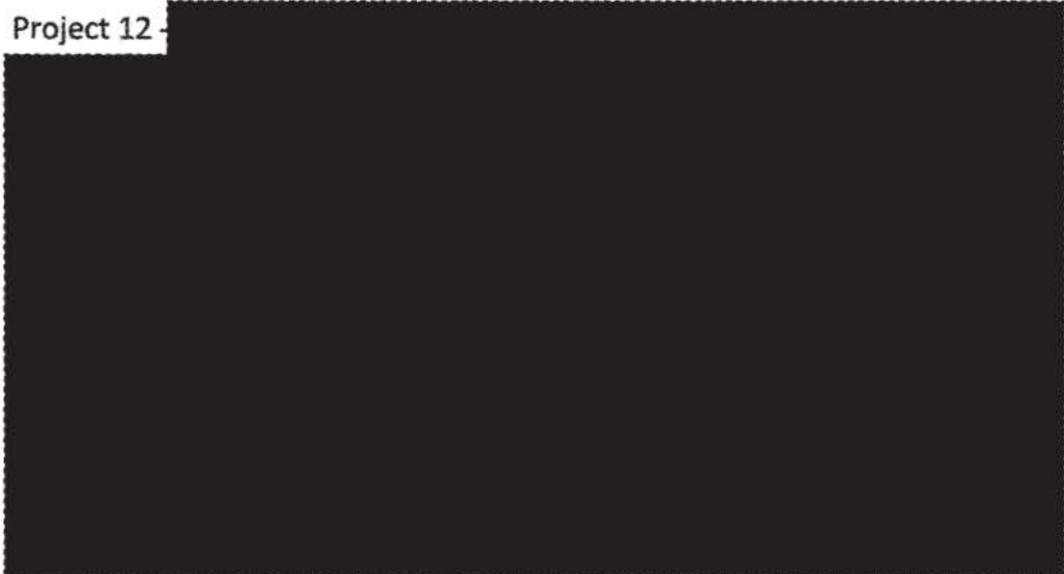


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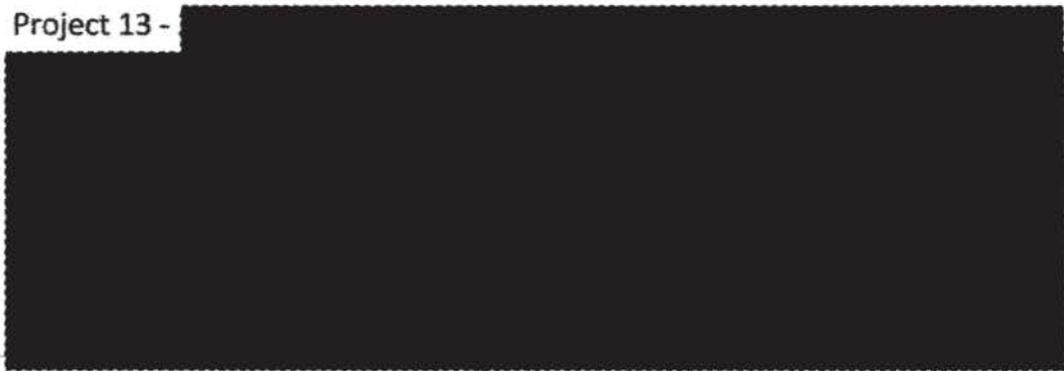
Project 11 -



Project 12 -



Project 13 -



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Project 14 -



Project 15 -



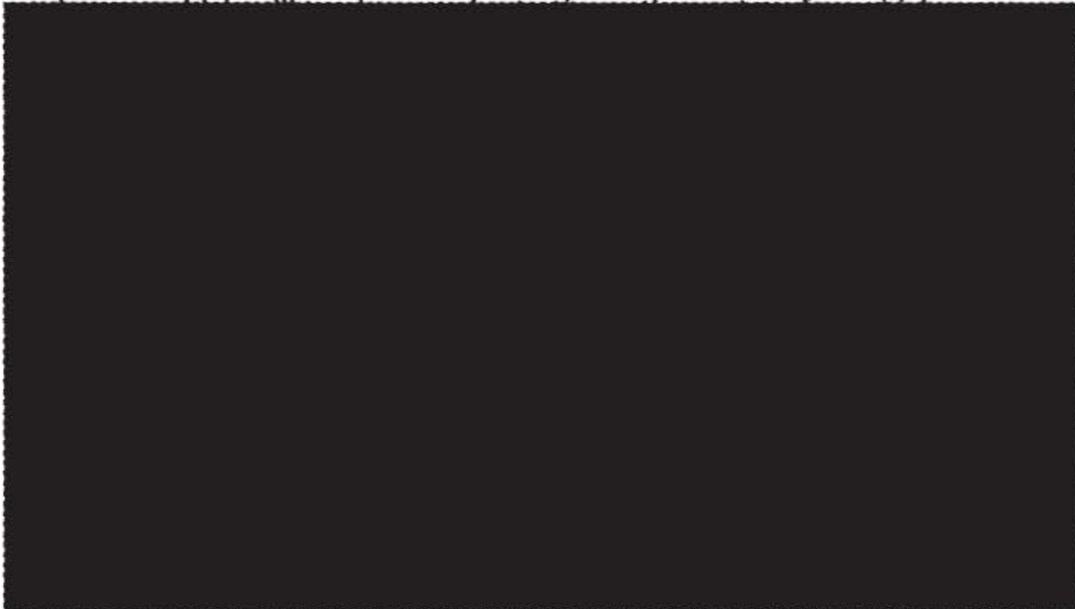
Project 16 -



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Project 17 - [redacted]



Project 18 - [redacted]



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Study Area Code  
 Study Area Name  
 Company Contact Name  
 Contact Telephone Number  
 Contact Email Address

411769  
 Madison County Telephone Company  
 Joe Ngram  
 479-738-2121  
 jngram@madisoncounty.net

PART A - PROJECT LIST FOR 2015-2019

Project #	Project	Start Date	Completion	Area	Population(s)	Total Dollars	Part 32 Account	Voice, Broadband, Both, etc.
1	Cain Street Remote FTTH	January 2015	July, 2015	Huntsville Exchange	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2	Aurora Fiber Distribution Project	January 2015	December, 2015	Aurora Exchange				
3	2015 Annual Plant Upgrades	January 2015	December 2015	Madison County Telephone Serving Area located in Madison County with service to Aurora, Forum, Huntsville, and Kingston exchanges				
4	North Harris Street Line 1 rebuild Installing FTTH	March, 2016	July, 2016	Huntsville Exchange				
5	Amber Street Line 4 rebuild	February, 2016	July, 2016	Huntsville Exchange				
6	2016 Annual Plant Upgrades	January 2016	December 2016	Madison County Telephone Serving Area located in Madison County with service to Aurora, Forum, Huntsville, and Kingston exchanges				
7	Middle School Hill Remote and Transport for Central Office	January, 2017	December, 2017	Huntsville Exchange				
8	Sycamore to Parrot Drive Line 3&4 rebuild Installing FTTH	January, 2017	December, 2017	Huntsville Exchange				
9	Withrow Springs Remote	March, 2017	December, 2017	Forum Exchange				
10	Bomb Remote and Transport from Central Office	March, 2017	December, 2017	Huntsville Exchange				
11	2017 Annual Plant Upgrades	January 2017	December 2017	Madison County Telephone Serving Area located in Madison County with service to Aurora, Forum, Huntsville, and Kingston exchanges				
12	Line 5 Rebuild and Installing FTTH	March, 2018	December, 2018	Huntsville Exchange				
13	2018 Annual Plant Upgrades	January 2018	December 2018	Madison County Telephone Serving Area located in Madison County with service to Aurora, Forum, Huntsville, and Kingston exchanges				
14	Falcon Creek Remote and Transport	March, 2018	December, 2018	Kingston Exchange				
15	Brush Lake Remote	March, 2019	December, 2019	Aurora Exchange				
16	Hargis Remote and Transport	March, 2019	December, 2019	Kingston Exchange				
17	2019 Annual Plant Upgrades	January 2019	December 2019	Madison County Telephone Serving Area located in Madison County with service to Aurora, Forum, Huntsville, and Kingston exchanges				
18	Line 6 Rebuild with Transport fiber and Install FTTH	February, 2019	December, 2019	Huntsville Exchange				
<b>Totals</b>								

Study Area Code 401709  
 Study Area Name Madison County Telephone Company  
 Company Contact Name Joe Shrum  
 Contact Telephone Number 479-738-2121  
 Contact Email Address joeshrum@madisoncounty.net

**Part B: 5-Year Proposed Capital Expenditures and Operating Expenses**

Regulated Capital Expenditure (CapEX) Projections								
Account	Description	2014	2015	2016	2017	2018	2019	Total Projected CapEx 2015-2019
2111 & 2121	Land & Building							
2112	Vehicles							
2122-2124	Support Assets							
2210	Switching Equipment							
2232	Circuit Equipment							
2410	Cable & Wire Facilities							
1220	Materials & Supplies							
	Total Capital Expenditures							

Regulated Operating Expenditure (OpEx) Projections								
Account	Operating Expenses	2014	2015	2016	2017	2018	2019	Total Operating Expenses 2015-2019
6110-6120	General Support Maintenance							
6210	Switching Maintenance							
6230	COE Transmission Maintenance							
6410	Cable & Wire Facilities							
6530	Non-Specific (Testing, Plant Op., Engineering)							
6561-2110	General Support Depreciation							
6561-2210	Switching Depreciation							
6561-2230	Circuit Equip Depreciation							
6561-2410	Cable & Wire Depreciation							
6610-6620	Customer Operations							
6711-6720	Corporate Operations							
7240	Ad Valorem Expense							
	Total Operating Expenses							

## ARKANSAS PUBLIC SERVICE COMMISSION

ARK. PUBLIC SERV. COMM

2nd Revised	Sheet No. 14.3
1st Revised	Sheet No. 14.3
Madison County Telephone Company, Inc. Company Name	
Kind of Service Telecommunications	Class of Service: All
Part III. Rate Schedule No. 1	
Title: LOCAL SERVICE	

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## (CT) 1.3 LIFELINE ASSISTANCE PROGRAM (continued)

## 1.3.4 QUALIFICATIONS

## 1.3.4.1 General

## 1.3.4.1.1

To qualify for lifeline service, applicants must be participants in certain governmental programs or qualify through a low income threshold.

## 1.3.4.2 Qualification through Governmental Program Participation

## 1.3.4.2.1

To qualify for lifeline service through governmental program participation applicants must participate in at least one (1) of the following governmental programs:

1. Department of Housing and Urban Development
2. Medicaid
3. Food Stamps
4. Supplemental Security Income (SSI)
5. Federal Public Housing Assistance Program
6. Low Income Home Energy Assistance Program
7. Temporary Assistance for Needy Families (TANF)
8. National School Lunch (NSL) Program's Free Lunch Program

## 1.3.4.3 Qualification through low income eligibility

## 1.3.4.3.1

To qualify through low income eligibility, the applicant's income as defined in Sec. 54.400(f) must be at or below 135% of the federal poverty guidelines.

## ARKANSAS PUBLIC SERVICE COMMISSION

2nd Revised	Sheet No. 14.4
1st Revised	Sheet No. 14.4
Madison County Telephone Company, Inc. Company Name	
Kind of Service Telecommunications	Class of Service: All
Part III. Rate Schedule No. 1	
Title: LOCAL SERVICE	

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## (CT) 1.3 LIFELINE ASSISTANCE PROGRAM (continued)

## 1.3.5 Certification

## 1.3.5.1 General

## 1.3.5.1.1

Applicants for lifeline must meet the eligibility guidelines. A certification process shall be used to ensure only eligible applicants receive lifeline service. Each applicant must certify that they are receiving support for only one line per household.

## 1.3.5.2 Certification of eligibility through low income qualification.

## 1.3.5.2.1

This ETC participates in the ALIVE Board program established by the Arkansas General Assembly in 2005 through Act 2289 of 2005 to provide a governmentally maintained income qualification certification process that includes self-certification by applicants, under penalty of perjury, that the documentation presented by the applicant accurately represents their annual household income and provides the number of individuals in the household. Per F.C.C. order, each subscriber must provide certain certifications when enrolling in the Lifeline Program. New Lifeline subscribers must provide documentation of program-based eligibility, which the Telephone Company enrolling the subscriber should review, but not retain. Should the subscriber attempt to certify based on income, the Telephone Company shall be provided supporting documentation in order to complete the certification. The certifying document shall also include the requirement that the consumer will notify this ETC if the consumer's income exceeds 135% of the Federal Poverty Guidelines. The ALIVE Board program shall provide this ETC with a copy of the above referenced procedures. This ETC shall review the procedures to ensure the procedures are appropriate to certify and document income

ARKANSAS PUBLIC SERVICE COMMISSION

2nd Revised \_\_\_\_\_ Sheet No. 14.5  
 1st Revised \_\_\_\_\_ Sheet No. 14.5  
 Madison County Telephone Company, Inc.  
 Company Name  
 Kind of Service Telecommunications Class of Service: All  
 Part III. Rate Schedule No. 1  
 Title: **LOCAL SERVICE**

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(CT) 1.3 LIFELINE ASSISTANCE PROGRAM (continued)

1.3.5.2.2 This ETC shall monitor the ALIVE Board to ensure the ALIVE Board establishes appropriate procedures and provides this ETC with a copy of such procedures. This ETC shall review the procedures to ensure the procedures are appropriate to certify and document income based eligibility for lifeline enrollment. An officer of this ETC shall monitor the ALIVE Board certification process and procedures and shall certify at time of enrollment, under penalty of perjury, to the best of the officer's knowledge, that this ETC has procedures in place to review documentation via the ALIVE Board, and that the ETC, via the ALIVE Board, was presented with documentation that confirms the consumer's household eligibility, in that the consumer's household income is at or below 135% of the Federal Poverty Guidelines.

1.3.5.3 Certification of eligibility through participation in governmental programs

## ARKANSAS PUBLIC SERVICE COMMISSION

ARK. PUBLIC SERV. COMM

2nd Revised	Sheet No. 14.6
1st Revised	Sheet No. 14.6
Madison County Telephone Company, Inc. Company Name	
Kind of Service <u>Telecommunications</u>	Class of Service: <u>All</u>
Part III. Rate Schedule No. <u>1</u>	
Title: <b>LOCAL SERVICE</b>	

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## (CT) 1.3 LIFELINE ASSISTANCE PROGRAM (continued)

1.3.5.3.1 The applicant's eligibility for lifeline service due to participation in governmental programs shall be certified by the applicant in coordination with the governmental entity providing, monitoring, or reviewing program participation. For instance, many programs may be provided by the Department of Human Services, Department of Health, and local school districts. This ETC, through the ALIVE board or the third-party, will coordinate with the applicant and the appropriate governmental entity to ensure proper certification. This ETC shall require the third-party to establish appropriate procedures that include self-certification by applicants, under penalty of perjury, that the applicant receives benefits from the eligibility programs and identify the program or programs from which the applicant receives benefits. The certifying document shall also include the requirement that the consumer will notify this ETC if the consumer ceases to participate in the program or programs.

## 1.3.6 CONSUMER COMPLAINT RESOLUTION

## 1.3.6.1 General

## 1.3.6.1.1

The Federal Lifeline Program requires a consumer complaint resolution process. The Arkansas Public Service Commission has determined in Order No. 1 of Docket No. 05-038-U that any ETC, which maintains tariffs and is subject to the Public Service Commission's consumer complaint procedures, meet the dispute resolution requirements for Lifeline. This ETC is subject to the Public Service Commission's consumer complaint procedures and shall use the Public Service Commission's consumer complaint procedures to meet the dispute resolution requirements for Lifeline.

## ARKANSAS PUBLIC SERVICE COMMISSION

<u>2nd Revised</u>	Sheet No. <u>14.7</u>
<u>1st Revised</u>	Sheet No. <u>14.7</u>
<u>Madison County Telephone Company, Inc.</u> Company Name	
Kind of Service <u>Telecommunications</u>	Class of Service: <u>All</u>
Part III. Rate Schedule No. <u>1</u>	
Title: <b>LOCAL SERVICE</b>	

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## (CT) 1.3 LIFELINE ASSISTANCE PROGRAM (continued)

## 1.3.7 VERIFICATION OF CONTINUED ELIGIBILITY

## 1.3.7.1 General

## 1.3.7.1.1

The Lifeline program requires this ETC to annually monitor the continued eligibility of Lifeline participants by requiring each Lifeline subscriber, both existing subscribers and new subscribers, to provide annual self-certifications attesting to their continued eligibility of the program. During the re-certification process for year 2012, the Telephone Company shall re-certify all of their subscribers claimed on their June FCC Form 497 and report the results of this annual re-certification process to the Commission, USAC, and the Arkansas State Commission by the end of 2012. Beginning in 2013, this Telephone Company will annually choose to either, where ETCs cannot re-certify their subscribers by accessing a database, to re-certify their Lifeline customers on a annual basis or elect to have USAC re-certify them. Also, should the Telephone Company choose to use a state of federal program database to confirm a consumers ongoing eligibility for Lifeline, the annual re-certification will not be implemented.

## 1.3.7.2 (Reserved for future use).

1.3.7.2.1 (Reserved for future use)

1.3.7.2.2 (Reserved for future use)

## ARKANSAS PUBLIC SERVICE COMMISSION

2nd Revised	Sheet No.	14.8
1st Revised	Sheet No.	14.8
Madison County Telephone Company, Inc. Company Name		
Kind of Service	Telecommunications	Class of Service: All
Part III. Rate Schedule No.		
Title:	LOCAL SERVICE	

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## (CT) 1.3 LIFELINE ASSISTANCE PROGRAM (continued)

## 1.3.8 PROCESS FOR TERMINATION OF LIFELINE BENEFITS

## 1.3.8.1 General

## 1.3.8.1.1

A consumer's eligibility for Lifeline may be terminated due to failure to maintain qualifications for Lifeline. This ETC shall follow the required process for termination of Lifeline benefits.

## 1.3.8.2 Process

## 1.3.8.2.1

Customers will be notified of the impending termination of Lifeline benefits in a letter separate from the consumer's monthly bill.

## 1.3.8.2.2

The customer will have up to sixty (60) days from the date of the termination letter in which to demonstrate his or her continued eligibility before Lifeline support is discontinued.

## 1.3.8.2.3

A customer who appeals must present proof of continued eligibility consistent with the above Lifeline qualifications.

## 1.3.8.2.4

This ETC will terminate Lifeline services for subscribers who fail to demonstrate continued eligibility within the sixty (60) day time period.

## 1.3.9 RECORD RETENTION POLICY

## 1.3.9.1 General

## 1.3.9.1.1

The Federal Communications Commission has established specific record retention requirements for the Lifeline certification process. This ETC will have specific procedures to ensure its record retention policy complies with legal requirements.

1.3.9.2 This ETC, through its own recordkeeping or through the recordkeeping of the ALIVE Board and its third-party contractor on behalf of this ETC, shall maintain certification records for the period of time required by the Federal Communications Commission for all Lifeline participants.

ARKANSAS PUBLIC SERVICE COMMISSION

2nd Revised Sheet No. 14.9  
1st Revised Sheet No. 14.9  
Madison County Telephone Company, Inc.  
Company Name  
Kind of Service Telecommunications Class of Service: All  
Part III. Rate Schedule No. I  
Title: **LOCAL SERVICE**

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(AT) 1.3 LIFELINE ASSISTANCE PROGRAM (continued)

1.3.9.3 This ETC shall retain certifications, signed by the subscriber, regarding the consumer's eligibility for Lifeline, including self-certifications, that income documentation accurately reflects the household income. This certification shall be retained at least as long as the consumer receives Lifeline service from this ETC or until this ETC is audited by the Administrator. This ETC shall maintain certifications for subscribers terminating Lifeline service for at least three (3) years after termination. Such records shall be maintained in compliance with all federal and Public Service Commission requirements and such records shall be provided to the Administrator or the Public Service Commission upon proper request.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential. BORROWER NAME  Madison County Telephone Company, Incorporated  (Prepared with Audited Data)
--	--

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.	PERIOD ENDING December, 2013	BORROWER DESIGNATION AR0529
--	---------------------------------	--------------------------------

**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII**  
(Check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

\_\_\_\_\_ Tom Shrum \_\_\_\_\_ 3/28/2014 \_\_\_\_\_  
 DATE

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated Investments			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = 38.71% of Total Assets

USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		AR0529	
		PERIOD ENDING December, 2013	
INSTRUCTIONS- See RUS Bulletin 1744-2			
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS			
ITEM	PRIOR YEAR	THIS YEAR	
1. Local Network Services Revenues			
2. Network Access Services Revenues			
3. Long Distance Network Services Revenues			
4. Carrier Billing and Collection Revenues			
5. Miscellaneous Revenues			
6. Uncollectible Revenues			
7. <b>Net Operating Revenues (1 thru 6 less 6)</b>			
8. Plant Specific Operations Expense			
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)			
10. Depreciation Expense			
11. Amortization Expense			
12. Customer Operations Expense			
13. Corporate Operations Expense			
14. <b>Total Operating Expenses (8 thru 13)</b>			
15. Operating Income or Margins (7 less 14)			
16. Other Operating Income and Expenses			
17. State and Local Taxes			
18. Federal Income Taxes			
19. Other Taxes			
20. <b>Total Operating Taxes (17+18+19)</b>			
21. Net Operating Income or Margins (15+16-20)			
22. Interest on Funded Debt			
23. Interest Expense - Capital Leases			
24. Other Interest Expense			
25. Allowance for Funds Used During Construction			
26. <b>Total Fixed Charges (22+23+24-25)</b>			
27. Nonoperating Net Income			
28. Extraordinary Items			
29. Jurisdictional Differences			
30. Nonregulated Net Income			
31. <b>Total Net Income or Margins (21+27+28+29+30-26)</b>			
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year			
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital			
39. <b>Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]</b>			
40. Patronage Capital Beginning-of-Year			
41. Transfers to Patronage Capital			
42. Patronage Capital Credits Retired			
43. <b>Patronage Capital End-of-Year (40+41-42)</b>			
44. Annual Debt Service Payments			
45. Cash Ratio [(14+20-10-11) / 7]			
46. Operating Accrual Ratio [(14+20+26) / 7]			
47. TIER [(31+28) / 26]			
48. DSCR [(31+28+10+11) / 44]			

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>  INSTRUCTIONS - See RUS Bulletin 1744-2	BORROWER DESIGNATION AR0529  PERIOD ENDED December, 2013
--	--

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1	R-1	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
AURORA							
FORUM							
HUNTSVILLE							
KINGSTON							
MobileWireless							
Route Mileage Outside Exchange Area							
Total							
No. Exchanges							

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>  INSTRUCTIONS - See RUS Bulletin 1744-2	BORROWER DESIGNATION AR0529  PERIOD ENDED December, 2013
--	--

**Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

**4. BROADBAND SERVICE**

Details on Least Expensive Broadband Service								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
AURORA	[REDACTED]							
FORUM								
HUNTSVILLE								
KINGSTON								
Total								

USDA-RUS <b>OPERATING REPORT FOR                  TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION AR0529 <hr/> PERIOD ENDING December, 2013
INSTRUCTIONS- See RUS Bulletin 1744-2	

**PART D. SYSTEM DATA**

1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile
------------------------	------------------------	------------------------	---------------------------------	-------------------------------

**PART E. TOLL DATA**

1. Study Area ID Code(s) a. 401709 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____	2. Types of Toll Settlements (Check one)  Interstate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis  Intrastate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis
---	--

**PART F. FUNDS INVESTED IN PLANT DURING YEAR**

1. RUS, RTB, & FFB Loan Funds Expended	
2. Other Long-Term Loan Funds Expended	
3. Funds Expended Under RUS Interim Approval	
4. Other Short-Term Loan Funds Expended	
5. General Funds Expended (Other than Interim)	
6. Salvaged Materials	
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	

**PART G. INVESTMENTS IN AFFILIATED COMPANIES**

INVESTMENTS	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
(a)	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

USDA-RUS <b>OPERATING REPORT FOR                  TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION AR0529
	PERIOD ENDING December, 2013

**PART H. CURRENT DEPRECIATION RATES**

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)  YES  NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

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<b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	PERIOD ENDED December, 2013
INSTRUCTIONS – See help in the online application.	
<b>PART I – STATEMENT OF CASH FLOWS</b>	
<b>1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<b>2. Net Income</b>	
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
3. Add: Depreciation	
4. Add: Amortization	
5. Other (Explain) RETIREMENTS	
<i>Changes in Operating Assets and Liabilities</i>	
6. Decrease/(Increase) in Accounts Receivable	
7. Decrease/(Increase) in Materials and Inventory	
8. Decrease/(Increase) in Prepayments and Deferred Charges	
9. Decrease/(Increase) in Other Current Assets	
10. Increase/(Decrease) in Accounts Payable	
11. Increase/(Decrease) in Advance Billings & Payments	
12. Increase/(Decrease) in Other Current Liabilities	
<b>13. Net Cash Provided/(Used) by Operations</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
14. Decrease/(Increase) in Notes Receivable	
15. Increase/(Decrease) in Notes Payable	
16. Increase/(Decrease) in Customer Deposits	
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	
20. Less: Payment of Dividends	
21. Less: Patronage Capital Credits Retired	
22. Other (Explain)	
<b>23. Net Cash Provided/(Used) by Financing Activities</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
24. Net Capital Expenditures (Property, Plant & Equipment)	
25. Other Long-Term Investments	
26. Other Noncurrent Assets & Jurisdictional Differences	
27. Other (Explain) DIVIDEND TO PARENT	
<b>28. Net Cash Provided/(Used) by Investing Activities</b>	
<b>29. Net Increase/(Decrease) in Cash</b>	
<b>30. Ending Cash</b>	

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION  AR0529
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2013
<b>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	

<p>USDA-RUS</p> <p><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p>BORROWER DESIGNATION</p> <p>AR0529</p>
<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p>December, 2013</p>
<p><b>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	

## ARKANSAS PUBLIC SERVICE COMMISSION

ARK. PUBLIC SERV. COMM

4th Revised Sheet No. 14.1  
 Replacing: 3rd Revised Sheet No. 14.1  
Madison County Telephone Company, Inc.  
 Company Name  
 Kind of Service Telecommunications Class of Service: All  
 Part III. Rate Schedule No. 1  
 Title: **LOCAL SERVICE**

SECRETARY OF COMM.  
 2012 MAR 26 A 8:12  
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## (CT)(CR) 1.3 LIFELINE ASSISTANCE PROGRAM

## 1.3.1 GENERAL

- 1.3.1.1 This tariff is effective on the date the new FCC rules on Lifeline become effective.
- 1.3.1.2 The Lifeline Assistance Program (hereinafter "Lifeline") is a retail local service offering designed to make telephone service available at reduced rates to qualifying low-income customers. Lifeline provides for a federal credit equal to \$9.25.
- 1.3.1.3 The discounts apply to monthly recurring rates for qualifying residential customers.
- 1.3.1.4 Discounts are applied to rates and charges for residential telephone service.
- 1.3.1.5 The Lifeline Program rate reductions do not apply to long distance service, class services, special features, and other ancillary services which may or may not be tariffed. Eligible customers may obtain these services, where available, at their discretion.
- 1.3.1.6 The Lifeline Program rate reductions do not apply to service connections charges.
- 1.3.1.7 (Reserved for future use)
- 1.3.1.8 This ETC will implement all special disconnect procedures required for Lifeline customers.
- 1.3.1.9 This ETC shall not charge Lifeline customers with a monthly Number-Portability charge.
- 1.3.1.10 This ETC shall offer toll blocking to all qualifying applicants at the time such consumers subscribe to Lifeline service. If the consumer elects to receive toll blocking, that service shall become part of that consumer's Lifeline service. The customer is under no obligation to accept the subscription to toll blocking.
- 1.3.1.11 This ETC shall not collect a service deposit in order to initiate Lifeline service, if the qualifying consumer voluntarily elects toll blocking, where available, otherwise, this ETC may charge a service deposit in the ordinary course of business.

## ARKANSAS PUBLIC SERVICE COMMISSION

3rd Revised Sheet No. 14.2  
 Replacing: 2nd Revised Sheet No. 14.2  
Madison County Telephone Company, Inc.  
 Company Name  
 Kind of Service Telecommunications Class of Service: All  
 Part III. Rate Schedule No. 1  
 Title: **LOCAL SERVICE**

ARK. PUBLIC SERV. COMM

DEPARTMENT OF REVENUE

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(CT)(AT) 1.3 LIFELINE ASSISTANCE PROGRAM (continued)

## 1.3.2 DESIGNATED LIFELINE PROGRAM SERVICE

## 1.3.2.1 General

1.3.2.1.1 Certain telephone services are specifically part of Lifeline service. Other services are optional. This ETC has a specific Lifeline offering.

1.3.2.2.1 This ETC shall offer services or functionalities defined, by F.C.C. 47 CFR Part 54, to be voice telephony service. This service enables consumers to communicate with others that live nearby, while having access to all distance communications.

## 1.3.3 REGULATIONS

1.3.3.1 All the telecommunications provider rules and general tariffs of this company apply to lifeline service unless specifically in conflict with this Section and schedule

1.3.3.2 Lifeline Service is available only with residence services, excluding foreign exchange service.

1.3.3.3 Lifeline Service is limited to one line per household at the customer's primary residence. "Household" is defined consistent with the Low-Income Home Energy Assistance Program as "any individual or group of individuals who are living together at the same address as one economic unit," with an "Economic Unit" defined as "all adult individuals contributing to and sharing in the income and expenses of a household." Lifeline support to individuals living in group living facilities must demonstrate when initially enrolling in the program that any other lifeline recipients residing at their residential address are part of a separate household.